

Shopping

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Internet shopping not a threat . . . yet

TORONTO (CP) — 'Tis the season to run around frantically buying things, which might make shopping on the Internet with the click of a mouse look pretty attractive.

There's almost no limit to what you can buy over the Web and more and more consumers are choosing to wander electronic malls in search of deals and hot products. According to Statistics Canada, about 29 per cent of all Canadian house-

holds regularly use the Internet.

But if you're under the impression we'll be buying everything from groceries to speedboats over the Net in the coming years — forget about it.

In fact, the Internet doesn't yet come close to providing hands-on experience that a storefront operation can, says Jim Carroll, author of the *Canadian Internet Handbook*.

"There's this feeling out there that, gee, because the technology lets us go shopping online we're all immediately going to rush out and do it," says Carroll.

"Right now, I'm about to head out to Toys 'R' Us and I don't think I'm going to get the same experience trying to figure out what to get my kids on some Web site."

A recent study of the first six months of 1998 by the Toronto office of the Boston Consulting Group indicates that even though commerce over the Net more than doubles every year, it still only accounts for less than one per cent of



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overall retail revenue in North America.

The report was co-authored by shop.org, a trade association for online retailers. It surveyed and analysed 127 online retailers in seven categories for six months.

Not every retailer will strike it rich by going online. But the study suggests that there is great potential in cyberspace.

Most revenue made over the Internet goes into the coffers of so-called "multichannel retailers" — those who already had long-established mail-order businesses or the like.

"Multichannel retailers, like Dell, Schwab, Eddie Bauer and Lands End, account for 59 per cent of revenues," the Boston Group report says.

"Generally, multichannel retailers experience better conversion and loyalty."

So when are people actually conducting purchases over the Internet?

"When there's an overriding factor of convenience," says Carroll.

Computer goods, consumer electronics, books, music and videos made up 42 per cent of online revenues for the first half of 1998, according to the Boston Group's data. Add to that the 32 per cent of revenues that went to discount brokerages and you have nearly 75 per cent of all Internet transactions.